

## Message Text

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ORIGIN OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 AID-05 /029 R

DRAFTED BY OPIC/ID/LA:BTMANSBACH:MCM

APPROVED BY EB/IFD/OIA:RJSMITH

OPIC/F:PCOUNTS

EB/IFD/OIA:DHSTEBBING

ARA/CEN:DCLARE

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R 292330Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY GUATEMALA

UNCLAS STATE 231865

E.O. 11652: N/A

TAGS: EINV

SUBJECT: OPIC - VENEERS, INC.

REF: GUAT 4414

1. APPRECIATE FULL REPORT PROVIDED BY REF TEL.
2. AS FOLLOW-UP TO REF TEL OPIC INSURANCE DIRECTOR MANSBACH MET WITH WILLIAMSON TO DISCUSS THE PROJECT.
3. OPIC VIEWS PROJECT AS AN INTERESTING PROSPECT FOR INSURANCE WHICH WE BELIEVE WORTH PURSUING AND HAVE DISCUSSED APPLICATION PROCEDURE AND CRITERIA IN DETAIL WITH WILLIAMSON. BALL IS NOW IN WILLIAMSON'S COURT TO REGISTER FOR INSURANCE.
4. DURING MEETING WITH MANSBACH, WILLIAMSON ADVISED CONFIDENTIALLY THAT BECAUSE OF PARENT COMPANY FINANCIAL PROBLEMS, THEY ARE CURRENTLY CONSIDERING SALE OF PROJECT TO HAMMERMILL PAPER COMPANY, OR POSSIBLY OTHER LARGE U.S.

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WOOD/PAPER PRODUCT MANUFACTURER ON TERMS WHICH WOULD GIVE

PARENT COMPANY THE RIGHT TO PURCHASE PROJECT OUTPUT FOR U.S. AND PERHAPS MEXICAN SALES. IF REGISTRATION LETTER IS ISSUED TO VENEERS, INC., IT COULD BE ASSIGNED TO HAMMERMILL OR OTHER PURCHASER ELIGIBLE FOR INSURANCE UNDER OPIC POLICIES.

5. FOR EMB INFO, OPIC INSURANCE FACILITIES MAY REPEAT MAY BE USED FOR BOTH EXPANSION OF EXISTING FACILITIES AND/OR CONSTRUCTION OF NEW FACILITIES. SUCH EXPANSION MAY BE EITHER PHYSICAL EXPANSION OR CONTRIBUTION OF ADDITIONAL WORKING CAPITAL SO LONG AS ADDITIONAL CONTRIBUTION OF FUNDS ARE MADE ON MEDIUM OR LONG-TERM BASIS, I.E., EITHER AS CONTRIBUTION TO CAPITAL OR AS LOANS WITH AN AVERAGE LIFE OF THREE YEARS OR LONGER.

6. IF THE ADDITIONAL INVESTMENT IN PROJECT WILL BE USED PRINCIPALLY FOR PHYSICAL EXPANSION (RATHER THAN CONTRIBUTION TO WORKING CAPITAL), OPIC BELIEVES THAT THIS INVEST-

MENT COULD BE USED AS "TEST CASE". ON THE OTHER HAND, IF INVESTMENT CONSISTS PRINCIPALLY OF CONTRIBUTION OF ADDITIONAL WORKING CAPITAL WITH NO NEW PHYSICAL EXPANSION, WE WONDER WHETHER THIS WOULD BE A GOOD "TEST CASE". WE

WOULD APPRECIATE RECEIVING EMB'S VIEWS.

7. REGARDING POSSIBILITY OF OPIC FINANCING, COUNTS ALSO MET WITH WILLIAMSON. HER IMPRESSION WAS THAT PROJECT ACTUALLY NEEDS REFINANCING AND ADDITIONAL WORKING CAPITAL, NEITHER OF WHICH CAN BE PROVIDED BY OPIC. WILLIAMSON SEEMED MOST INTENT ON ARRANGING A SALE, AND COUNTS AGREED TO REFER ANY POTENTIALLY INTERESTED INVESTORS WHICH THE LATIN AMERICA FINANCE STAFF ENCOUNTERS TO HIM. SHOULD WILLIAMSON BE ABLE TO SOLVE PRESENT PROBLEMS AND TO UNDERTAKE EXPANSION OF PRODUCTIVE CAPACITY, HE WAS PROVIDED WITH CRITERIA UNDER WHICH OPIC MIGHT PROVIDE UP TO 75 PERCENT OF EXPANSION COSTS. INGERSOLL

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## Message Attributes

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